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PUBLICATION OF STATISTICS

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U. S. Bureau of the Budget

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The importance to an enemy's intelligence services of information regarding such targets vital to the United States as important installations, plant locations and shipping routes is generally recognized. Although the methods for withholding such information from the enemy are not foolproof, they are at least clear and unclouded by conflicting values. What is not so generally recognized is the importance, in connection with an enemy's plans for the destruction of targets, of detailed economic data. One of the few writers in this field expresses it this way:

The targets which you are after constitute, in essence, the vulnerable areas of the enemy's way of making war and maintaining a functioning society; and these most vulnerable areas cannot be picked out from the least (or less) vulnerable areas until a great deal is known about the enemy's entire way of life and his entire way of making war. . . . Before the planes went off on their first mission of systematic destruction, the planners for the bombardment of Germany had to know a very great deal about the airframe, aircraft-engine and aircraft-component production, the production of ball bearings, of synthetic rubber, and of oil. Moreover, before they decided that these sectors of the economy were the ones whose destruction would give them the most significant, rapid and permanent weakening of German war-making capacity, they had to know a very great deal about other sectors.¹

The usefulness of statistical information is more apparent in the waging of economic and psychological warfare than is its relevance to military targets. For instance, it can be presumed that when the enemy plans to cut off or impair our sources of supply of strategic and critical materials, he will first assemble such data as our production and consumption statistics, stockpile information, and foreign trade statistics. To confuse and frighten our citizens and allies, in the waging of psychological warfare, the foregoing types of information are equally important to him. Here, the emphasis is likely to be upon information regarding bottlenecks and production failures. In addition, the intelligence agent will find statistics on the public's attitudes and opinions highly useful.

Thus, enemy intelligence bases its operational plans to a great extent upon information about the United States' economy, and much of the information published about our economy consists of statistics issued by government agencies, or derivations from these statistics. There is need, then, in a period of international crisis, to maintain a surveillance of the publication of statistical

* The authors express appreciation for assistance received in the preparation of this article from numerous governmental and nongovernmental experts in strategic intelligence, statistics, economics, and political science.

¹ Sherman Kent, *Strategic Intelligence* (Princeton, 1949), pp. 18-19

information by agencies of the government in order to prevent the disclosure of that information which might be most essential to an enemy's intelligence effort, and therefore harmful to the security of the United States.

During World War II, this responsibility was assigned to the Bureau of the Budget by Executive Order 9103, signed by President Roosevelt on March 18, 1942, in view of the Bureau's responsibility through its Division of Statistical Standards for the development, improvement, and coordination of federal statistical services. In November, 1950, President Truman directed the Bureau of the Budget to resume its surveillance of the publication of statistical information, a task which had been dropped immediately after V-J day. In reassigning this responsibility, President Truman, as did President Roosevelt before him, pointed out the extent to which our economy and society depend upon full and free publication of information, and urged that full consideration be given to the public's need for information whenever any curtailment should be contemplated.

When President Roosevelt signed Executive Order 9103 in March, 1942, we had already been at war for over three months. In many respects the situation made momentous decisions easy to make, when the alternatives were victory or disaster. An Office of Censorship began its operations on almost the very day of Pearl Harbor, and the Office of Facts and Figures, later to become the Office of War Information, was organized soon after that. When the Bureau of the Budget received its assignment some time later, there was a framework into which its new function readily fitted: The Office of Censorship exercised authority over public and private communication, especially that flowing into and out of the United States; the Office of War Information, among its other duties, applied security standards to government top-level announcements and publications; and the Bureau of the Budget kept a close watch over statistical publications. Other nations, notably Great Britain, had already instituted far-reaching restrictions over the publication of statistics, and we were able to obtain advice and assistance from them, as well as to coordinate our own actions with theirs.

Furthermore, before the Executive Order was signed, the Bureau of the Budget and the Office of Facts and Figures had listed the types of information to be restricted. It was, therefore, possible for the Bureau to issue, two days before the actual signing of the Order, a directive to all federal agencies outlining the needed restrictions. At the same time it was assumed by all concerned that the restrictions would in large measure end (as they did) the moment that victory was achieved.

Today the situation is very different in a number of respects, and each difference raises thorny problems:

(1) We are not engaged in a "shooting" war with the regime that most of us consider to be the menace to our security, namely, the Soviet Union. Should we impose drastic restrictions upon the publication of statistics on the premise that we will be engaged in such a war in the near future? What will happen to our statistical system if this "twilight" period lasts for five, ten, or twenty years?

(2) There is today no Office of Censorship, and patently the public is not prepared to support censorship. How effective can restrictions upon publication by federal agencies be when there is no control over international communications, and when possible future enemies can send information through diplomatic pouches?

(3) There is today no Office of War Information, nor does it appear likely that there will be one in the near future. The Bureau of the Budget can prevent routine publication of statistics by a federal agency, and statistical agencies can and do impose restrictions on their own initiative. But what if legislative or policy-making officials inadvertently make public facts and figures that have been withheld from more routine forms of publication?

(4) Most other friendly nations have not begun a program of restrictions on the publication of statistics. This problem is especially acute in respect to foreign trade data. The United States has been restricting certain data on exports for over two years, while some countries to whom we have been exporting continue the public release of certain import information on the very items which we have placed on a restricted list.

(5) The government and the nation are more aware of the needs for security safeguards than at the beginning of World War II and, therefore, insist upon more rigorous control of "classified" material. These safeguards have been made uniform on a government-wide basis by means of a recent executive order which sets forth minimum standards for the classification, transmission and handling of information of a "security" nature. This facilitates conformance with the imposition of restrictions. However, classified material of the higher categories requires such protective devices as safes and special facilities for the transmission of documents. Some agencies produce data which go through the hands of many clerks and analysts. To "classify" these data would entail security clearances for these clerks and analysts. That is to say, formalizing the handling and transmission of some types of classified material may involve expense and delay.

(6) Our economy was under strict control during World War II and, consequently, the responsibilities for making decisions upon production, distribution, capital investments, wage rates, etc., for which statistics would normally be needed by leaders in industry, farming, and labor, were taken out of their hands to a considerable extent. That is, the needs of the public for statistics were reduced. Present controls affect a much smaller segment of the economy, and the public needs for statistics are correspondingly greater than during the war.²

Largely as a result of these factors, decisions have been deferred upon the general categories of information which should be withheld under present circumstances.

² This is true as an overall statement of the need for statistics in our economy. However, it should be pointed out that whenever possible under a system of restrictions upon publication, "qualified" users (and this category includes users outside the government), may be granted access to classified information.

These points of difference between the situation today and that of March, 1942, may be summarized by saying that there are wider needs for published statistics today than there were under the war conditions of 1942, and that in the absence of the whole complex of wartime controls on release of information it is now more difficult to conceal statistics. The conclusion which the Bureau of the Budget has drawn from this analysis is that restrictions upon the publication of statistical information must be imposed cautiously, and only after careful study. To this end, the procedure employed in determining restrictions to be imposed differs somewhat from that used during the war years.

The general categories in the 1942 list provided the framework within which the Bureau of the Budget carried out its responsibility for maintaining a surveillance of the publication of statistical information. Specific problems which arose after the list was promulgated were in large measure questions of interpretation.

Early in 1942, the Bureau called together representatives of agencies responsible for protecting the security of the United States and agencies primarily concerned with the collection and analysis of statistical information. They were asked to advise the Bureau on specific restrictions which were necessary in the interest of the national security. From the very beginning, it was clear that agreements on restrictions would be very difficult to obtain from such a group. The security-minded representatives, aware of the importance to strategic intelligence of almost all types of economic data, favored drastic limitations; the representatives of statistical agencies, mindful of the great reliance of the American public upon full and accurate statistical information, were appalled at the thought of any restrictions upon statistical publication. After a vain attempt to reconcile these antithetical viewpoints, the Bureau turned for assistance to the Security Advisory Board, a body which the Bureau helped to establish and which represented the agencies responsible for protecting the national security.

Whenever a specific problem arose concerning publication of statistics which was not amenable to prompt interpretation in accordance with the published list of restrictions, the Bureau of the Budget sought guidance from the Security Advisory Board or its member agencies. These were the Office of Naval Intelligence, Army Intelligence, the Department of Justice, the Office of Censorship and the Office of War Information. At the same time, the Bureau continued to seek the advice and expert knowledge of the statistical agencies in order to be sure that it had an adequate understanding of the statistical interrelationships of any given series and that public interests in statistics were taken into account before a decision was reached.

Today a basic list of items for which information should be restricted has not yet been, and perhaps should not yet be, formulated, for reasons which have been enumerated above. These reasons are predicated on the essential difference between the politico-military situation in 1942 and the situation today. In 1942, we were waging all-out war. Today, we are building such strength as will enable us to win any war that is forced upon us; but our primary object

is to *prevent* war. We hope to convince possible enemies that our strength is such that they cannot hope to win a war against us. Hence, it has been argued that we should disseminate as widely as possible information about our defense production effort.

There are, however, at least two flaws in this argument. In the first place, full publication of our armed strength would cancel out our advantage, in the event of attack upon us, from the elements of surprise in our retaliation. For example, the value to the enemy of information about our stockpile of atom bombs becomes obvious if we ask how valuable it would be to us if we knew the size of the Soviet stockpile of the same weapons. We are confident that our supply of these bombs is larger than that of Soviet Russia, but does this mean that we should publish statistics telling the world exactly or approximately how many we possess? Such information would be of extreme importance to the Soviet intelligence organization, and would be invaluable in helping the USSR plan military operations. Similarly, information about our new weapons and their characteristics would enable the Soviet military to plan counterweapons or to perfect methods of defense.

Secondly, we have not yet, as of recent date, been in a position of overwhelming strength. There have been definite weaknesses in our supplies of strategic and critical materials, and we have not yet built up our Army, Navy, Air Force and industrial facilities to the strength that we feel necessary for our defense. From this point of view, it would appear that we should not make available to the enemy information which would indicate the weak spots in our defense effort, or indications of our plans and methods for correcting these weaknesses.

In World War II, the American war agencies strove to maintain a vigilant surveillance of the routine publication of information regarding the nation's war production and strategic plans and operations, and at the same time to give the widest possible distribution to spot announcements illustrative of our growing strength. Such psychological devices were designed to influence the people of enemy and neutral countries and occupied areas. The same overall policy would appear to be advisable today, were it not that the difficulties of concealment under present circumstances, together with the needs of our people for information, prevent so simple a general solution to the problem of security.

* * *

The uses which enemy intelligence can make of economic and strategic information in a time of war or in a time of planning for armed attack upon us may be summarized under three headings: statistics may provide target information, clues to military strategy, and guides to the waging of economic and psychological warfare.

A target is disclosed to a hostile or unfriendly power by information concerning the location or character of a military or naval installation or unit, a plant or facility for war production, a land or water movement, or a route over which troops, strategic materials or products are moved. "Target" is used in a broad

sense, to include objects of potential sabotage as well as of shell-fire, bombing, or submarine action. Statistics on imports and exports may reveal the sailing of a ship and the location of ocean trade routes. Construction and transportation statistics might indicate plans for the erection of a munitions plant or the transport of strategic materials by rail or highway.

Clues to military strategy may be disclosed by statistical data of seeming innocence. For example, statistics which indicated an exceptional increase in the production of certain types or weights of men's gloves or underwear might provide a "tip-off" to an impending military expedition to the arctic or the tropics, as the case might be. Domestic commodity shipments to certain ports might disclose prospective embarkations and their destinations. Statistical series on national income, broken down into major components, may furnish clues as to the size of the armed forces. Data on industrial employment or payrolls are almost as useful to the enemy's economic analysts as are the corresponding industry figures on production.

The directors of economic and psychological warfare may utilize almost any item of information concerning the economic and social system of the nation toward which their plans are directed. Their objects are to build up rounded and comprehensive pictures of the economy and the social psychology of a nation; to determine its elements of strength and weakness; to forecast general economic, social and political trends; and, in the light of these, to develop specifications for military, economic, political or psychological attack. Their further object is to forecast the possibilities of defensive or aggressive action by the nation whose social and economic vitality is thus examined.

Unless in any segment of the economy free enterprise is completely replaced by government directives—and this situation rarely exists outside of the Soviet Union and its satellites today—a continued public supply of statistical data is important. Hence, all contemplated actions which would restrict the publication of statistical information must balance off the disadvantages of these actions to individual citizens and to the nation against the advantages to hostile or unfriendly powers of continued access to the same information.

A point which deserves comment is the frequently advanced contention that the United States publishes such an enormous amount of statistical data, and has done so for so many years, that it is actually impossible adequately to conceal the basic facts about our economic and military strength. It is alleged that a skilled economist or statistician, having at hand our voluminous statistical publications for the past years, can make accurate estimates of the present situation in regard to almost any segment of our economy. The conclusion derived from this is that restrictions on publication will deprive the public of the statistical information it needs, while enemy intelligence will continue to be well informed.

This point of view is essentially the counsel of defeat. A skilled statistician can arrive at amazingly accurate estimates based upon seemingly innocuous information; but how long does it take him to find this "innocuous" information, how much effort and time must he expend in order to arrive at his estimate,

and how can he tell whether the estimate is accurate without published data to use as a baseline? In maintaining surveillance of the publication of statistics, we think it axiomatic that, while it is not always possible completely to restrict access to information, enemy access can be made more difficult. To create such an obstacle is in the national interest. There are limits upon the possibilities of espionage, and enemy efforts expended in one penetration of our security defenses cannot simultaneously be expended in another.

Thus there are at least three possible advantages to be gained by restricting enemy access to information. More effort and time must be expended in obtaining the data, some data will not be obtained at all, and those data which are ferreted out will in many cases be obtained so late as to be practically useless. In addition, as more parts of an enemy intelligence organization are compelled to switch from "overt" to "covert" operations, its personnel runs a greater risk of detection and apprehension.

When the time gap between the date of publication of the latest statistics and the date of their use is small, the data can be brought up-to-date by an expert analyst with a good degree of accuracy. But as this gap in time increases, the margin of error increases. Thus in 1938 the Japanese government began systematically to restrict the publication of statistical information. Four years later, experts in Washington were compelled to admit almost complete failure in their efforts to estimate Japanese production and other economic data.

If a program of concealment of carefully selected items is to be initiated, it should, ideally, be begun in advance of the most critical period of a national emergency. For the United States at present, such action is something of a gamble since there is no way of knowing whether the situation of today will become more serious or not. If it does not become more serious, we will have imposed unnecessary restrictions upon the full and free flow of statistical information. If the situation does become more serious, we will have acted wisely on the whole, in restricting the enemy's access to our most important economic information. The Bureau of the Budget up to the present time has striven to walk the middle road by restricting only the most obviously important data.

How, then, do we determine which data are to be concealed? The one broad guiding principle under which our policy is formulated is that we should seek to prevent publication of information having a value to enemy intelligence which outweighs its importance to the American public. This kind of information was spelled out during World War II and included such general categories as statistics of aircraft, ordnance and the size, composition or movement of the armed forces.

Our instructions to the federal statistical agencies in 1942 were that publication of production schedules, progress reports, and other statistics which would reveal the current or prospective situation concerning these and other items on the list, should be restricted. The data withheld would have been of value to an enemy's intelligence because they provided target information or clues to such information, gave direct or indirect indications of military strategy, and in many cases provided guides to the waging of economic warfare.

To be more specific, let us see how information in one important category—our exports and imports—combined with information about another class of data—our shortages of strategic and critical materials—could be used by enemy agents. Knowing that the United States is suffering from a shortage of rubber and tin, adding to this knowledge data on our imports and on the sources of these commodities, what can an enemy's intelligence agency do to prevent the United States from overcoming this shortage? The following news article from the *Washington Star* of January 21, 1951, makes the answer painfully clear:

Leading British newspapers, including the *London Times* and *Manchester Guardian* have recently called attention to the lawlessness which has swept across the rubber and tin producing areas in Africa and Asia. One of the worst spots is Nigeria.

A Nigerian newspaper, the *West African Pilot*, published at Lagos, says that the "Rivers Province," where the detrital deposits are rich with casiterite (tin), are under a virtual reign of terror. Watchmen on large properties are being slain regularly and many districts have been practically cut off. One of the most alarming developments has been the Communist infiltration into the effeke, or Egho, secret society, one of the strongest in that part of Africa. It was formerly concentrated largely on the coast and was a stabilizing influence, but today, suddenly well-financed, it is reaching far into the back country and protecting bandits from the police.

In Brazil the destruction of rubber plantations began in August and has been continuing. One newspaper reports that the Caiapos Indians are on the warpath against all American and Allied properties in the distant Amazon country and especially on the rich banks of the Xingu River. These activities have been connected with the invasion of the district by small groups of free-spending Communists. Destruction around Belem, one of the best sources, has been heavy.

The *Bangkok Post* reports that during the early part of December Communist bands were operating in the nearby Malay peninsula on such a scale that the government there had stated that it was spending half its revenues on keeping a force of 20,000 men in the field against the outlaws. Yet Malaysia is the source of about half of the world's rubber today. Part of its sales last year had to be from old stocks. One of the heaviest buyers was Russia.

During the present period, the Bureau of the Budget has taken action in respect to only two of the items listed for restrictions during World War II, and a third will be reactivated in the near future. Certain export information which would reveal the composition, amounts and destinations of our shipments under the Mutual Defense Assistance Program is being restricted, and figures which would reveal the status of our armed forces strength have been eliminated from various government publications. A policy statement on the publication of individual defense contract awards and itemized procurement information is at this date being prepared. In other words, the list used as a framework in 1942 is not uniformly applicable today and must be brought up to date if it is to meet the needs of the present situation.

The actions enumerated above have been taken upon the advice of the Committee on Statistical Security, an interdepartmental advisory group which the Bureau of the Budget has organized to assist in developing plans and procedures for the surveillance of statistical publication. The committee is composed of representatives of those agencies deemed to have the greatest responsibilities

for the national security, with a staff member of the Bureau of the Budget presiding. Those with preconceived ideas of the attitudes of the "military" and of "security-minded" personnel might expect that such a group would advocate immediate and drastic curtailment of statistical publications. However, the Committee has been remarkably sympathetic to continuing the publication of as full an amount of information as possible. The best proof of this is to be found in the limited actions, outlined above, so far taken upon this group's recommendations.

The methods used by the Bureau of the Budget in reaching a decision on problems in the field of statistical publication can best be illustrated by a description of the procedure which was followed when a particular type of information was under discussion for possible restrictions.

Soon after the President's directive to the Bureau of the Budget had been issued, the Bureau was asked for advice in regard to publication of import statistics. From the standpoint of the national security, there were good reasons for restricting such information: import statistics reveal our sources of critical and strategic materials with the possible result that these sources could be impaired, as shown by the foregoing extract from the *Washington Star*; increased imports of certain materials with well-defined uses would reveal increased production of the end-products and might conceivably indicate strategic planning. However, before a decision could be made to restrict publication of this information, certain questions had to be resolved. Should all import statistics be restricted, or only statistics for a limited number of commodities? If a limited number, which commodities? Once a list of commodities should be tentatively selected, what difficulties would arise in implementing a decision to restrict import data for them?

The answer to the first question was easy; there was no doubt that the restrictions, if imposed, should fall on as small a group of commodities as possible.

To answer the next question—which commodities?—the Committee on Statistical Security asked the Bureau of the Budget to convene a working group of specialists in the field of foreign trade. This group, representing major statistical and security agencies with interests in foreign trade, held several lengthy meetings and subsequently submitted a list of thirty commodities, out of the many thousands imported by the United States, for which statistics might advantageously be restricted. In order to select this list, the working group had developed, among others, the following criteria:

- a. The commodity is of critical or strategic importance to the United States' defense effort;
- b. The United States is wholly or in large part dependent upon imports of the commodity;
- c. The commodity is currently being stockpiled;
- d. There are no satisfactory substitutes for the commodity.

All of the thirty commodities submitted by the working group met at least these four criteria.

There would seem to be little doubt about the desirability of restricting in-

formation regarding imports of such a list of commodities, but there was still the third question to answer: What difficulties might there be in restricting this information? Briefly, the answer to this question was that the restrictions on import statistics would accomplish little, or nothing, if data on production, consumption, etc., continued to be published. Were we prepared to extend the restrictions to cover these data too? The answer to this question has not yet been resolved.

Again, most foreign governments are currently making available export data which, when they name the United States as the destination of exported commodities, may give approximately the information we might wish to restrict (i.e., statistics on our imports). Moreover, there are certain commodities which are imported by a small number of companies, and complete or fairly complete statistics on these imports, which can be obtained from the importing companies, appear in trade journals. These statistics would continue to appear regardless of Budget Bureau restrictions, unless the journals could be persuaded to cooperate. Obviously, the Bureau of the Budget has no authority to censor trade publications.

However, these difficulties are not insurmountable. We can be optimistic concerning the willingness of friendly foreign nations to cooperate with our program of restrictions; production and consumption statistics can be restricted; and trade journals can be persuaded of the necessity for concealment. When, and if, it becomes apparent that these statistics should be restricted, the Bureau of the Budget will not hesitate to take such action and make such arrangements as may be necessary.

Up to the present, restrictions on import statistics have not been imposed. In the case of other categories of information, some restrictions have been imposed either by the Bureau of the Budget or by other federal agencies, acting in cooperation with the Bureau or independently. Thus there are some restrictions on data concerning aircraft, new weapons production, and overseas bases; on certain export statistics; on size, composition and movement of the armed forces; on certain aspects of defense contract awards; and on our stockpile operations.

If the international situation in which this country is involved could be located at either of two extremes—total war or genuine peace—the question of what controls, if any, are to be imposed upon our federal statistical publications would be easier to answer. In case of the certainty of genuine peace, of course, there would be full publication; in case of total war, we would have a clearly defined framework within which controls would be imposed, and a workable mechanism for formulating and implementing the controls. Our present reluctance to take sweeping action stems from what John Foster Dulles has so aptly termed the “indecisiveness” of our present problems. It is worthwhile, we think, to quote at greater length a passage from his Tucson, Arizona speech of May, 1951, to illustrate how closely the problem faced by the Bureau of the Budget, as described in this article, is related to the much wider problem faced by the American government and by the American people:

. . . we are engaged in a gigantic sacrificial effort, of a kind which, in the past, we have made only in the face of obvious and dire peril and only to force an early decision which would end the necessity for such sacrifices. Today, the peril to our homeland seems to many to be somewhat speculative, while continuance of our present measures could impair the very foundations of our American way of life without forcing an abandonment of Soviet strategy. . . . I have deliberately chosen to present the problem in terms of what, to the American temperament, is its most baffling aspect, namely, *indecisiveness*.

Lest this passage be misinterpreted, it should be emphasized that it is the *problem*, or the situation, which is indecisive; our reaction, both in the larger context of our defense effort and in the small area discussed in this article, has been positive. We are rapidly approaching a state of preparedness.

TRANSMITTAL SLIP		
6-1-52 DATE		
TO: D/A ch		
BUILDING	ROOM NO.	
REMARKS: This reflects virtually none of the suggestions we made to him some months ago. For your info, and education.		
FROM: MAM		
BUILDING	ROOM NO.	EXTENSION
m	2106	2803
FORM NO. 36-8 SEP 1948		

<p><i>Budget</i> <i>for 1946</i></p> <p>TRANSMITTAL SLIP</p> <p>DATE <u>10-1</u></p>		
TO: <i>Mr. Millikan</i>		
BUILDING	ROOM NO.	
<p>REMARKS:</p> <p><i>You will recall</i> <i>we did not forward</i> <i>our written comments.</i></p> <p><i>O.K. - file MM.</i></p>		
FROM: <i>67</i>		
BUILDING	ROOM NO.	EXTENSION
<p>FORM NO. 36-8</p> <p>SEP 1946</p>		